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C O N F I D E N T I A L SECTION 01 OF 03 VILNIUS 000789

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TAGS: PREL MOPS PHUM ENRG ECON LE LH

SUBJECT: PM AND FM UNDECIDED ON LEBANON; SEE OPPORTUNITY TO STEER UKRAINE ON NATO

REF: A. VILNIUS 774

1B. VILNIUS 762

1C. VILNIUS 727

11. (U) Classified by Ambassador John A. Cloud for reasons 1.4 (b) and (d).

12. (C) SUMMARY: PM Kirkilas and FM Vaitiekunas both told the Ambassador in initial courtesy calls that Lithuania's likely contribution to UNIFIL would be small, given its commitments in Afghanistan and Iraq. They said that Ukrainian PM Yanukovych is still undecided on MAP, but that there is the possibility of moving him in a positive direction. On Russia, they admitted problems, especially in the area of energy supply, but both men were sanguine about the future of the Mazeikiu Nafta refinery. They agreed with the Ambassador's suggestion that Lithuania and other new EU members should mobilize the EU to help resolve their energy security problems. The Ambassador told them that he hopes to deepen our bilateral economic relationship by working with the GOL to remove barriers to investment. On Belarus, Vaitiekunas said that more work needs to be done to reach out to Belarusian society. The Ambassador asked about the status of pending issues affecting the Jewish community, but the ministers did not seem well-briefed. End summary.

NATO, Afghanistan, Iraq, and Lebanon

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13. (C) The Ambassador praised Lithuania's activism within NATO during his August 21 and 22 courtesy calls with Prime Minister Gediminas Kirkilas and Foreign Minister Petras Vaitiekunas, and said its current contributions to the PRT in Afghanistan and in Iraq show that it contributes to security. PM (and ex-defense minister) Kirkilas told the Ambassador that the decision to launch the PRT had been difficult but was the right choice. Currently, he commented, the military situation for Lithuanian forces in Afghanistan is good, and now the civilian side of the PRT mission is the main challenge.

14. (C) Kirkilas and Vaitiekunas noted that a final decision had not yet been made about contributing to a mission in Lebanon, but both expressed concern about over-extending Lithuanian forces. "We want to remain effective," Vaitiekunas said. The Ambassador said that the United States hoped Lithuania could send what they could, but told them that there was another role they could play: in pushing Lithuania's European partners to contribute more. The only way to prevent further violence between Israel and Hezbollah is to put a strong force in Lebanon, and toward this end, the discussions in Brussels would be important. He added that the GOL could remind other Europeans, who have closer relations with Syria and Iran, that they should send sharp messages to those governments.

Ukraine: What Yanukovych really said

15. (C) Both the PM and FM told the Ambassador that there is an opportunity to influence Ukraine's direction, though they took a measured stance on the prospects for a MAP for Ukraine. Vaitiekunas said that there was "no clear signal" on MAP during Kirkilas's recent meeting with Ukrainian PM Yanukovych (refs A and B). Yanukovych is undecided so far, he said, and is waiting for "signals" from NATO about whether NATO would accept or deal with him. Even so, he added, there are only "potential opportunities" that are promising, but that might not become reality.

16. (C) Kirkilas said that during his visit to Kiev, he had been surprised that Yanukovych seemed less "pro-Russian" than he had previously thought. Yanukovych expressed concerns for Ukraine's military industry, and said he had to improve public opinion (of NATO) to prepare for a referendum. The net result for Kirkilas was that he came away more optimistic about Yanukovych than before. Regarding MAP, Kirkilas told the Ambassador that the subject didn't come up.

Russia

17. (C) Kirkilas characterized relations with Russia as generally good, but acknowledged that tensions about the past remain. He mentioned the recent dust-up during the Lithuania-Belarus-Russia rail tariff negotiations as an example. Russia insists it wants a permanent agreement in this area (of tariffs for transit between Russia's "mainland" and its Kaliningrad region), but Lithuania does not want a final agreement now. First, Kirkilas said, Lithuania needs to join the Schengen area, and then it will need to consider the views of other Schengen members.

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18. (C) Kirkilas added that he doesn't understand why the Russian political establishment is so negative toward Lithuania, since, unlike in Latvia or Estonia, there is no large Russian minority here. The Ambassador asked him if the Finns, who are hosting an EU summit with Russia this fall, are taking on board Lithuania's concerns. Kirkilas replied that there was still no common position in Europe with regard to Russia. There is an energy security problem, he observed, but many of the larger member states are playing the issue for their own benefit.

Mazeikiu Nafta, Energy Security, and the EU

19. (C) Both the PM and FM were resigned about the closing of the oil pipeline from Russia that feeds the Mazeikiu Nafta refinery (MN), despite a spate of recent alarmist articles in the local press. "In the previous government, we thought something like this might happen," Kirkilas said. Both men emphasized the alternate supply routes available to MN (Butinge terminal, or via Klaipeda's port and then by rail).

110. (C) The Prime Minister acknowledged and expressed gratitude for recent USG advice to the GOL on a way forward (ref C). Kirkilas noted that approval of the Polish purchase of MN was in the hands of EU competition authorities, and also noted that he understood that U.S. competition authorities may also need to review the deal. (Our initial inquiry with the USFTC has not confirmed this claim.) Once PKN Orlen's purchase of MN was approved, the supply problem would fall to the Polish company for resolution. Vaitiekunas admitted that maintaining a "calm" position will be difficult for the government once parliament is back in session, but said the GOL needed to maintain its composure and keep a "five-to-ten-year" perspective.

111. (C) The Ambassador asked Kirkilas and Vaitiekunas for their views on the EU's prospects for a unified energy

security strategy. Vaitiekunas said that, while he understood that each EU member had its own specific interests (such as Germany and its Baltic Sea natural gas pipeline), he hoped it could find one voice on this important issue. He thought that an EU framework for energy security could focus on scientific research for new energy sources and energy transport; after all, he said, the EU began as a coal and steel community. The Ambassador noted the G-8s recent declaration on energy security.

#### Improving Economic Relations

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¶12. (C) The Ambassador told both his interlocutors that political and military relations between the U.S. and Lithuania were already good, and that he hoped to keep them there. He added that he would like to strengthen and deepen economic ties between our countries. Kirkilas agreed that, currently, the economic relationship was "too small." He said that there were many reasons for this, including the fact that Lithuania has had to build a market economy from scratch following the 50-year Soviet occupation, but emphasized that there are good opportunities in Lithuania. The Ambassador said he is optimistic that we can improve economic relations, especially if we work together to remove impediments. He encouraged Kirkilas to streamline permit procedures for gaining foreign residency and support establishing the Lithuanian economic development agency's presence in the U.S. as good places to start. Kirkilas took note of these, and suggested that the GOL and USG work together on greater cooperation on new technologies and organizing a conference for potential investors.

#### Belarus

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¶13. (C) The Ambassador told Kirkilas and Vaitiekunas that the USG appreciates the work Lithuania does in promoting democracy in Belarus. Vaitiekunas (who had been Ambassador to Minsk when he was named FM) said he thought more work needed to be done to reach ordinary society in Belarus through student, pensioners', youth, and cultural programs. The people of Belarus need to be reassured that they have not been forgotten, he said, and that they are important to us. He said that the sanctions that had been imposed against the leadership were useful, but that he would like to see the list of those affected broadened to include those at all levels who were responsible for the fraudulent presidential elections. Kirkilas pledged to continue working with the USG to help those "who will come after Lukashenko." He said that total isolation of Belarus played into the hands of the dictator. The Ambassador replied that the agreed U.S.-EU strategy on Belarus was designed to target the regime

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leadership, not the Belarusian people.

#### Jewish Issues

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¶14. (C) The Ambassador asked the PM about the status of the draft law on restitution of Jewish communal property. Kirkilas said that his opinions on restitution are close to his predecessor's (whose administration wrote the draft law), although he had not followed this subject closely as Defense Minister. He said he hopes that the law will be considered in the upcoming parliamentary session.

¶15. (C) Vaitiekunas gave a similarly detached response to the Ambassador's question about the future of the old Jewish cemetery in the Snipiskes district of Vilnius. Though the MFA's Vice Minister chairs the Prime Minister's Working Group charged with resolving concerns over development near and on the cemetery site, Vaitiekunas said he was "not deeply involved" in the case. He also would not speculate as to when his new Vice Minister would be named, saying only that

he hoped to have someone in the position soon.

COMMENT

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¶16. (C) The new Prime and Foreign Ministers appear to be in much the same place as their predecessors on most issues. Both leaders are looking to play a constructive role in Lebanon, but view their engagement in Afghanistan and Iraq as higher priorities.

¶17. (C) These two meetings clarified the mixed messages we had been receiving on Yanukovych's attitude to NATO; our subcabinet GOL contacts may have heard what they wanted to hear. In truth, MAP did not come up, but at the same time the Lithuanians believe there is an opportunity to influence the new Ukrainian Prime Minister in a positive way. We were disappointed that Kirkilas and Vaitiekunas have not focused yet on Jewish issues, but don't intend to let them off the hook. We will follow up soon, and often, to press the GOL to do the right thing.

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